

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

August 2004

### National Commodity Price for Butter Drops Significantly . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity price for nonfat dry milk rose slightly, and the Grade A butter price plummeted. However, the Cheddar cheese price rose significantly. Consequently, all types of milk increased slightly in price: whole milk increased two and eight tenths cents per gallon; reduced fat milk increased eight and eight tenths cents per gallon; lowfat milk increased twelve and nine tenths cents per gallon; and skim milk increased thirteen and three tenths cents per gallon.

In California and nationally, the weather has been unseasonably cool/mild which translates into more milk being produced and that milk has more solids - butter and nonfat - in it. Compared to last year, butter production was up and inventories are high, and ice cream production was also up. The retail sales of milk have declined in recent months and more milk has been diverted to ice cream, butter, and cheese production. Cheese production continues to remain strong and ice cream sales continue to favor the lowfat and nonfat varieties.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

\*See lowest reported lawful retail milk prices on page 2.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for September 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.345	\$0.673	\$0.336	\$0.168	\$0.112	\$0.084
Reduced Fat (2%)	\$1.216	\$0.608	\$0.304	\$0.152	\$0.101	\$0.076
Lowfat (1%)	\$1.139	\$0.569	\$0.285	\$0.142	\$0.095	\$0.071
Nonfat (Skim)	\$0.852	\$0.426	\$0.213	\$0.107	\$0.071	\$0.053

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.369	\$0.684	\$0.342	\$0.171	\$0.114	\$0.086
Reduced Fat (2%)	\$1.239	\$0.620	\$0.310	\$0.155	\$0.103	\$0.077
Lowfat (1%)	\$1.162	\$0.581	\$0.291	\$0.145	\$0.097	\$0.073
Nonfat (Skim)	\$0.846	\$0.438	\$0.219	\$0.110	\$0.073	\$0.055

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.028	\$0.014	\$0.007	\$0.004	\$0.002	\$0.002
Reduced Fat (2%)	\$0.088	\$0.044	\$0.022	\$0.011	\$0.007	\$0.005
Lowfat (1%)	\$0.129	\$0.065	\$0.032	\$0.016	\$0.011	\$0.008
Nonfat (Skim)	\$0.133	\$0.066	\$0.033	\$0.017	\$0.011	\$0.008

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 341-5988; Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy); email address: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

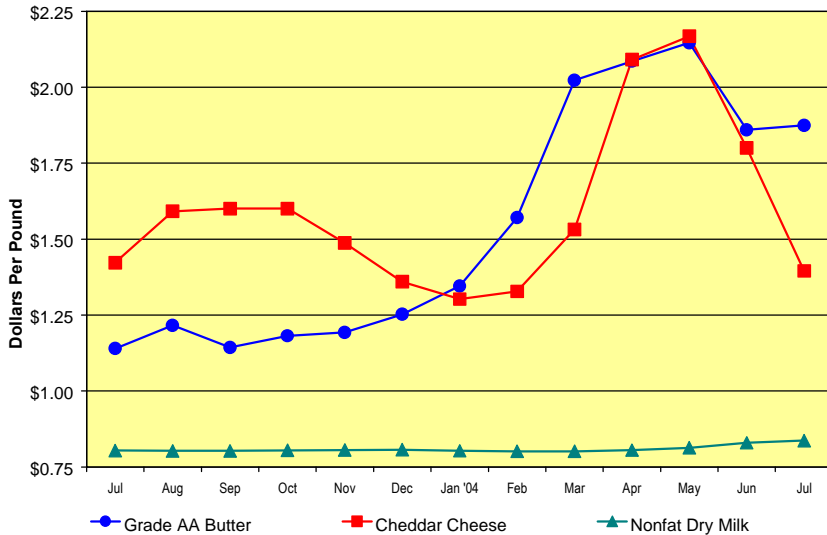
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Oct '03	\$0.18	\$1.15	\$0.44
Nov	\$0.18	\$1.15	\$0.44
Dec	\$0.18	\$1.16	\$0.45
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63

### National Commodity Prices July 2003 - July 2004

#### Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



#### Lowest Reported Lawful Retail Prices for Milk August 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.69	\$2.35
2% Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.19	\$1.60
<u>Southern California</u>		
Whole Milk	\$4.63	\$2.32
2% Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.19	\$1.60

**This newsletter can also be found on our website at:  
[www.cdfta.ca.gov/dairy/milkpricing\\_nl.html](http://www.cdfta.ca.gov/dairy/milkpricing_nl.html)**

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdfta.ca.gov](mailto:dairy@cdfta.ca.gov), or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture  
Dairy Marketing Branch  
1220 N Street  
Sacramento, CA 95814



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